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C O N F I D E N T I A L KATHMANDU 000251

SIPDIS

STATE FOR SA/INS; LONDON FOR POL/GUERNEY, NSC FOR MILLARD

E.O. 12958: DECL: 02/08/2014

TAGS: [ECON](#) [ASEC](#) [PTER](#) [CASC](#) [NP](#)

SUBJECT: NEPAL: MAOIST EXTORTION: ONE BUSINESSMAN'S
EXPERIENCE

Classified By: POL PMAHONEY. REASON: 1.5 (B,D).

1. (C) A prominent Nepali businessman who is also a member of the Nepal-USA Chamber of Commerce admitted to Econoff that his company paid approximately USD 800,000 to the Maoists "sometime last year." The businessman indicated that he decided to pay after five Maoists strapped with grenades and carrying bombs entered his Lumbini hotel, threatening to blow it up if payment was not made within 24 hours. The businessman said he contacted the municipal and security authorities for assistance, but his requests went unanswered. He claimed that at least six other hoteliers in Lumbini paid similar amounts to the Maoists during the same timeframe, with one establishment owned by a Japanese company reportedly paying an even higher premium.

2. (C) Comment: Nepali businessmen readily admit that they are regularly subject to extortion. Rarely, however, do they admit (at least to us) that they pay. Our contact's unusual candor offers a rare window into the scale of demands facing business owners--and the pressure they obviously feel to comply. Our source's information, if accurate, also provides some equally rare insight into the sums of money the Maoists are able to command from frightened members of the besieged business community. End Comment.

MALINOWSKI